

**VOLKSWAGEN**

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**Frank Fischer**

**CEO & Chairman  
Volkswagen Group of America,  
Chattanooga Operations L.L.C.**

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## Volkswagen vs. Competitors January 2010

January 2010

		2010 Sales
VOLKSWAGEN	41.4%	18,019
SUBARU	28.0%	15,611
HYUNDAI	24.4%	30,503
FORD	24.4%	112,149
NISSAN	19.4%	55,861
GM	14.6%	145,804
MINI	7.9%	2,247
MAZDA	1.8%	15,694
KIA	0.1%	22,123
HONDA	-4.5%	60,347
CHRYSLER	-8.1%	57,143
MITSUBISHI	-11.8%	4,170
TOYOTA	-18.8%	83,279
SUZUKI	-44.2%	2,040
TOTAL INDUSTRY	6.3%	698,346

VW share: 2.6%

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# Volkswagen Premiere in Detroit: The NCC – New Compact Coupe Hybrid



- ▶ 56 mpg/highway
- ▶ 177 hp Hybrid
  - 150 hp 1,4liter TSI
  - 27 hp electric motor
- ▶ Start-Stop Automatic

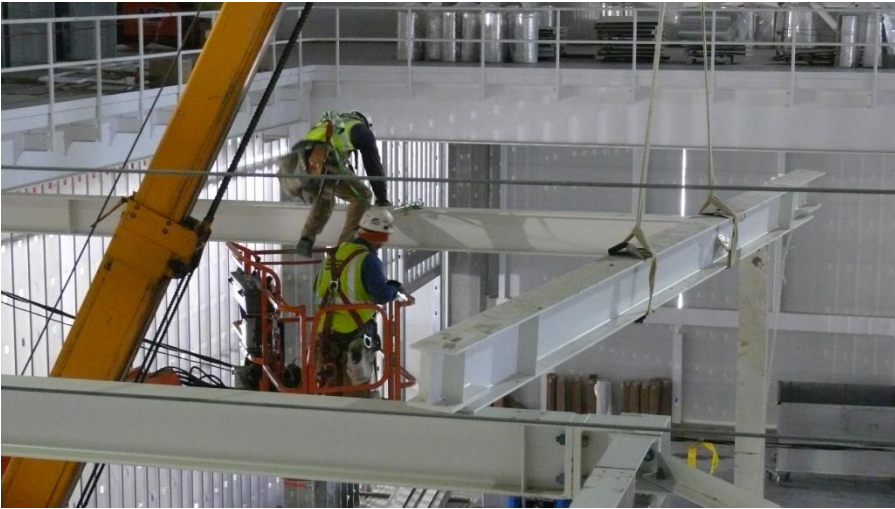
# Milestones completed as of February 2010

- ▶ **Nov. 30<sup>th</sup>**      **Prototype Assembly finished – Start of Test Drives**
- ▶ **Dec. 1<sup>st</sup>**      **2<sup>nd</sup> Supplier Integration Day in Chattanooga**
- ▶ **Dec. 17<sup>th</sup>**      **Volkswagen Management Conference MMK**
- ▶ **Jan. 11<sup>th</sup>**      **Detroit Auto Show**
- ▶ **Jan. 15<sup>th</sup>**      **Bridge Contest Award**
- ▶ **Jan. 15<sup>th</sup>**      **New Year's Reception**
- ▶ **Feb. 3<sup>rd</sup>**      **Equipment Readiness Bodyshop, Detroit**
- ▶ **Feb. 4<sup>th</sup>**      **3<sup>rd</sup> Supplier Integration Day – „Body in White“**

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# Construction Site – Paint Shop, Jan. 27<sup>th</sup>, 2010



# The four Pillars of the Project

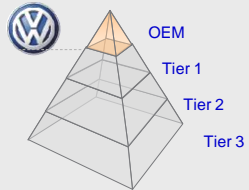
## Chattanooga Operations



**Product**



**Plant**



**Parts**



**People**

**Administrative Functions**

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# Product



- ▶ Facility is currently prepared to build first vehicles
- ▶ Launch Release January, 22<sup>nd</sup> 2010
- ▶ Testing and validation of vehicle in progress
- ▶ Start of first pre-series vehicles build in Chattanooga
- ▶ No Job Stoppers

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# Construction Site, January 2010



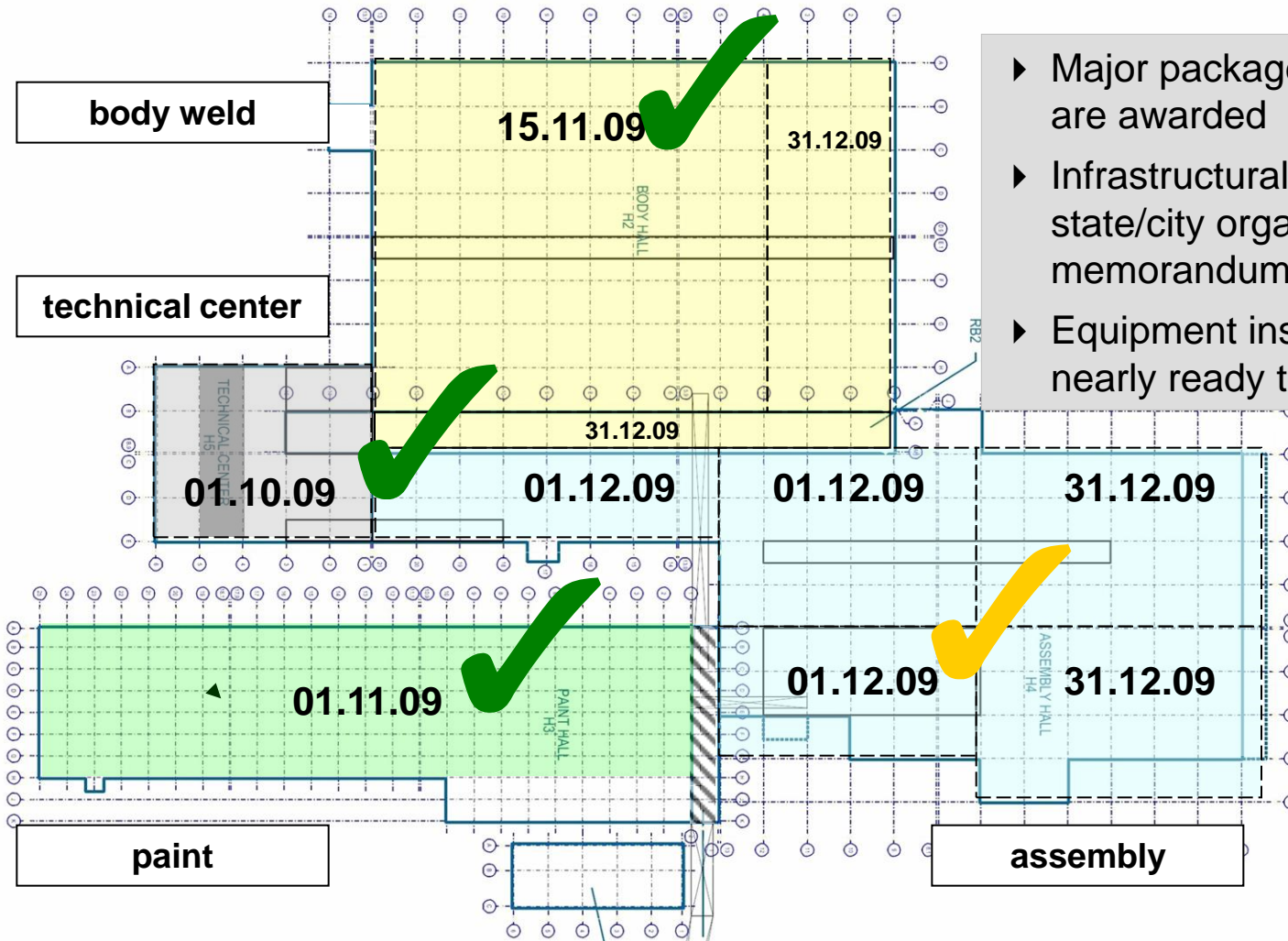
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# Construction Site, January 2010



## Plant



- ▶ Major packages for buildings are awarded
- ▶ Infrastructural work together with state/city organized according to memorandum of understanding (MOU)
- ▶ Equipment installation started and is nearly ready to build first part of the car

# Status Update VWGoA Purchasing

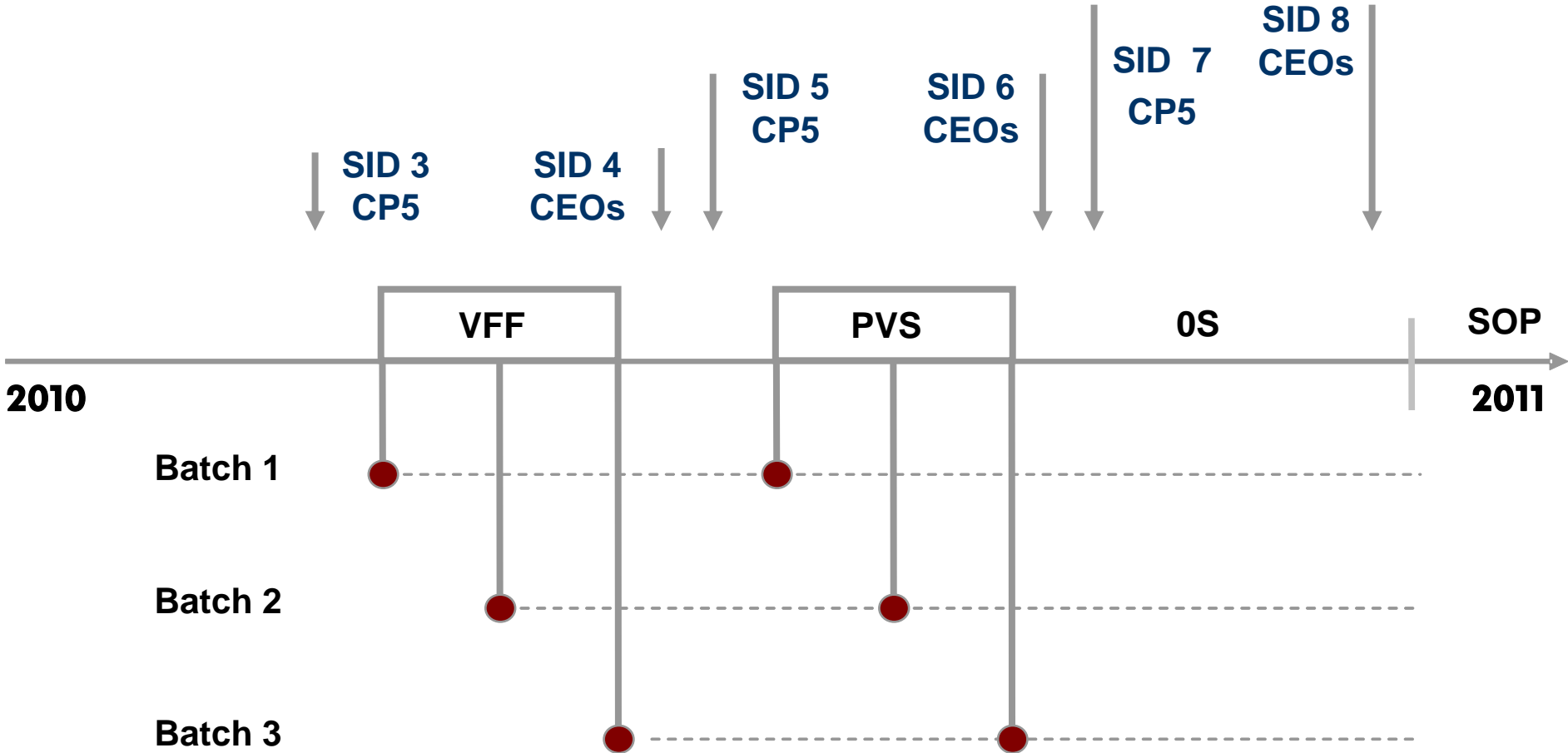
- ▶ **>97% direct material sourcing complete**
- ▶ **Minority content on-track to meet our target of:**
  - ⇒ **10% Plant**
  - ⇒ **5% Vehicle**
- ▶ **> 95% Plant sourcing complete**

## Parts

- ▶ Three Supplier Integration Days
- ▶ B-Release still in progress
- ▶ Local components sourced to TN companies stands at \$ 307 million / year



# Loops for improvement: SIDs and TBT batches



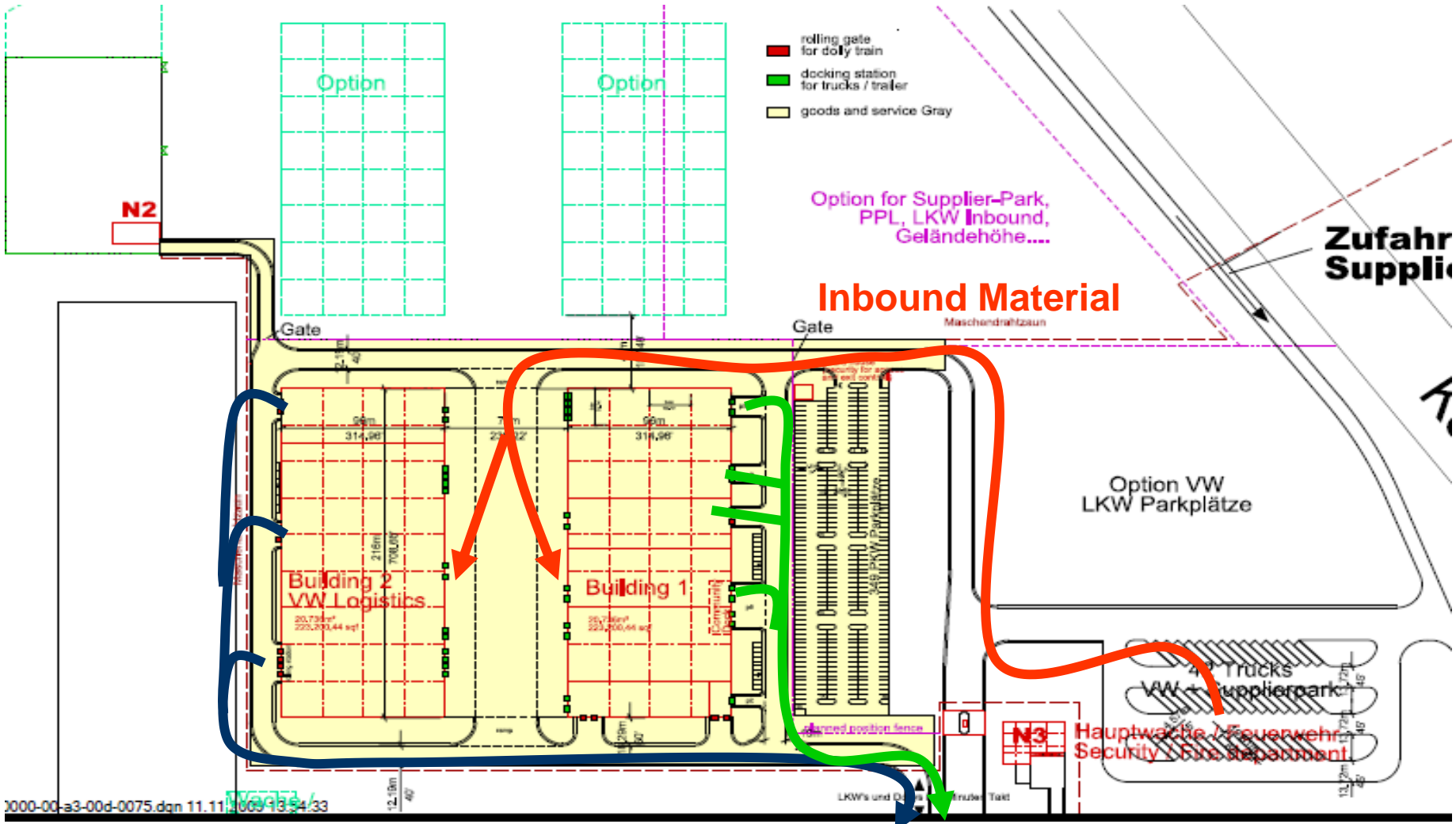
# Supplier Park Chattanooga



- **2 Buildings of 223,200 sqft. each**
- **Facility Management for tenants**

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Full Dolly Trains to Plant

Full Trucks to Plant

Returns in round trips 1:1

# Targeted auto components for Supplier Park

**sub assembly**

Tire & Wheel



Exhaust-System  
Front & Rear



16 components

**sequencing**

Wire-harness



Rear-Axle



Headliner & Door-Panels



Floor Carpet



Fuel Tank



Front-Axle



Seats,  
Front&Rear



Brake Corner



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Fascia Front&Rear

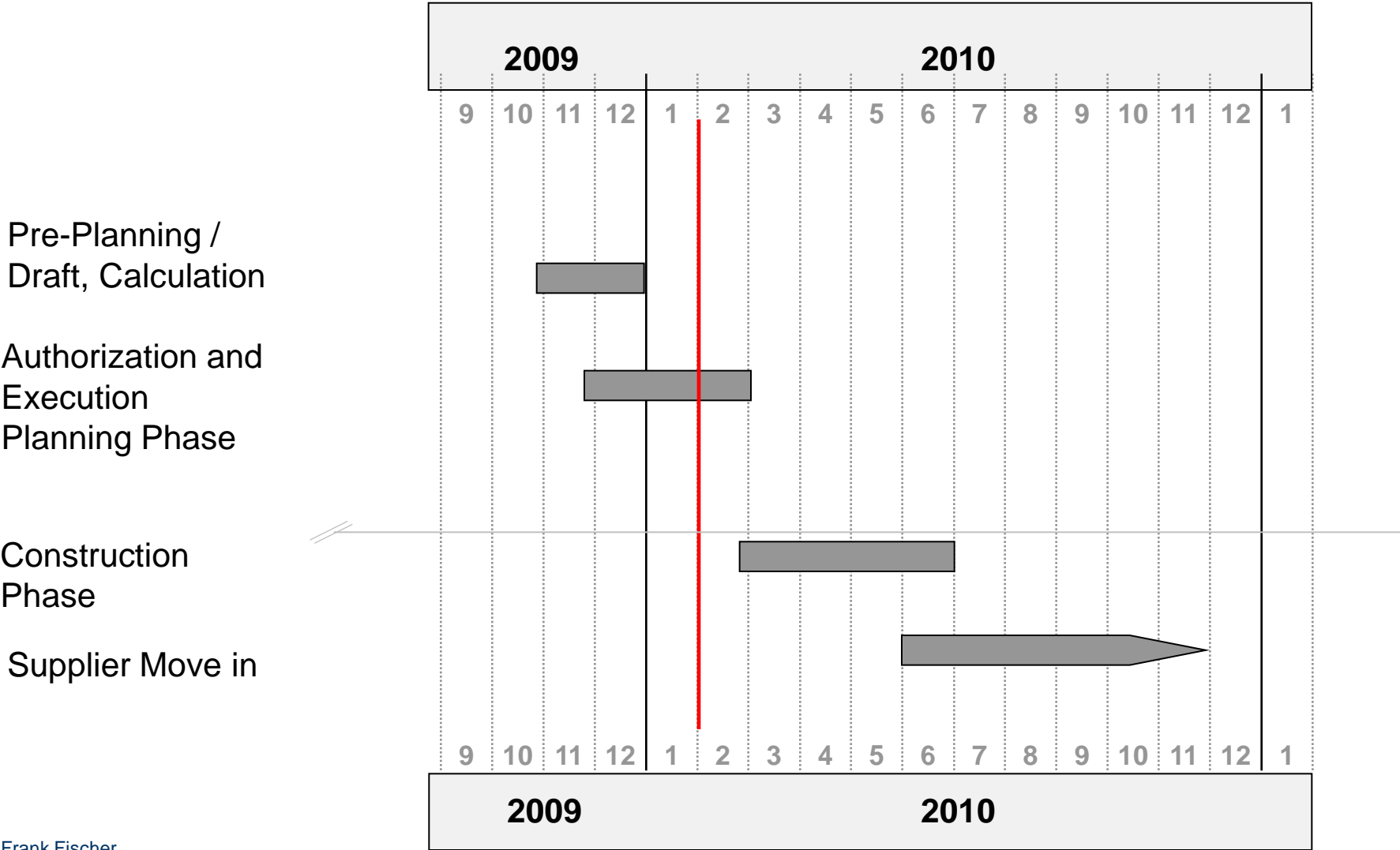


Center console –  
Kits





# Time Line Supplier Park



## Status “People“

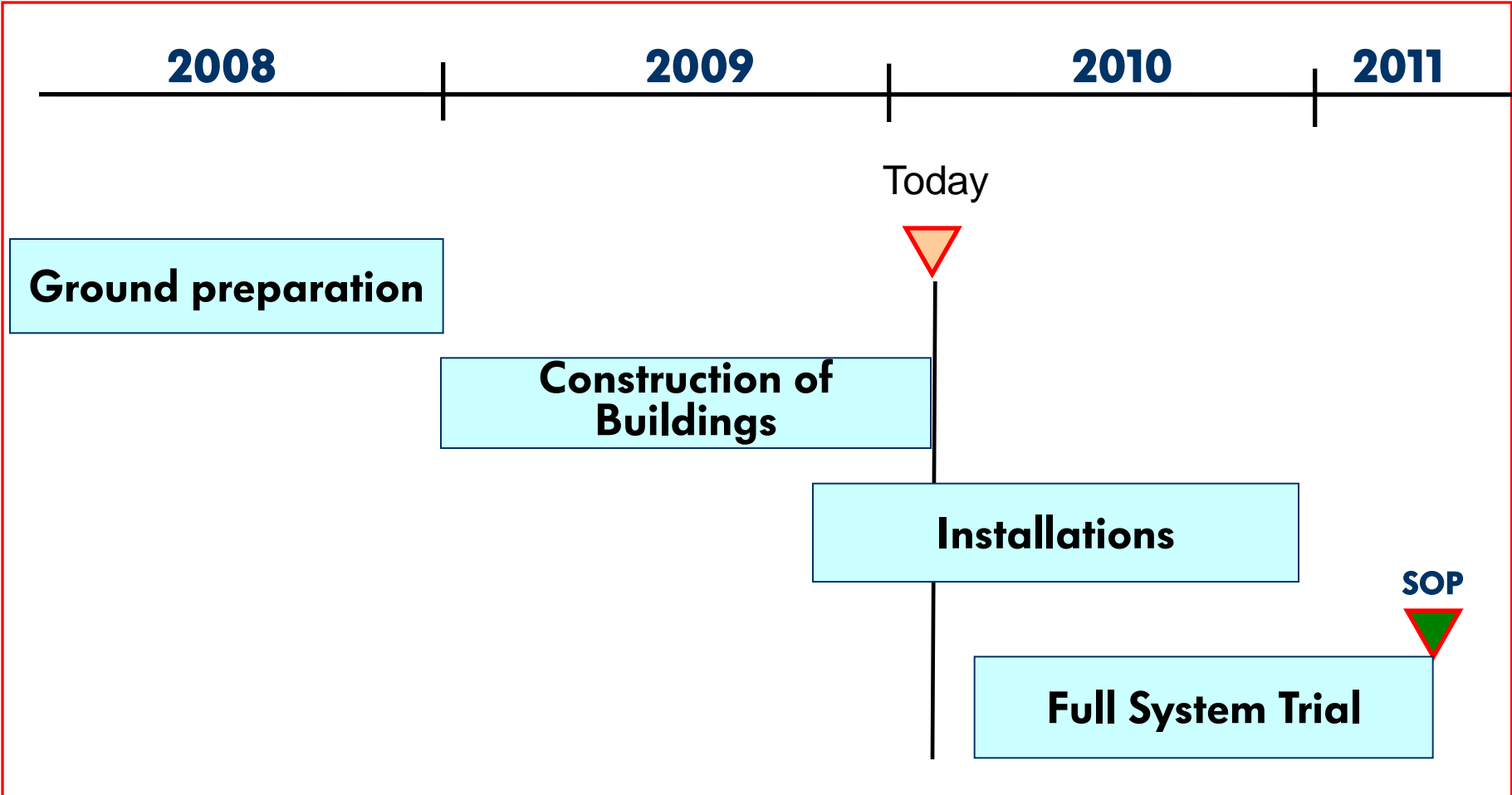
- ▶ About 350 employees hired
- ▶ Erlanger awarded as health care provider
- ▶ Construction of Training Academy finished soon  
First training classes already in the building  
Official opening in spring
- ▶ First group of production team members to be hired in February



## **What's next ?**

- ▶ **Finishing the B-Release process (Detailed Information to the Suppliers)**
- ▶ **Equipment installation has started for all shops**
- ▶ **First robots installed**
- ▶ **First CKD Parts in Pre-Series Warehouse with the support of SAP**
- ▶ **First production team members to be hired**
- ▶ **Ground Breaking / Wall raising for Supplier Park**

# Timeschedule Plant Chattanooga



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**Thanks for your attention!**

